



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

AUG 09 2013

MEMORANDUM FOR: Carol Galante, Assistant Secretary for Housing – Federal Housing Commissioner, H

FROM: Charles Coulter, Deputy Assistant Secretary for Single Family Housing, HU

SUBJECT: Environmental Assessment and Finding of No Significant Impact Under the National Environmental Policy Act for the Notice of Funding Availability (NOFA) for the Energy Innovation Fund - PowerSaver Pilot 203(k) Program (FR-5700-N-30)

It is the finding of this office that the adoption of the Notice of Funding Availability (NOFA) for the Energy Innovation Fund PowerSaver Pilot 203(k) Program (copy attached) does not constitute a major Federal action that would have an individually or cumulatively significant impact on the human environment and, therefore, does not require the preparation of an environmental impact statement.

The Consolidated Appropriations Act of 2010 directed HUD to conduct an Energy Efficient Mortgage Innovation pilot program targeted to the single-family housing market. A PowerSaver Retrofit Pilot program was conducted. The overall goals of the PowerSaver Retrofit Pilot Program are: (1) to facilitate the testing and scaling of a mainstream mortgage product for home energy retrofit loans that includes liquidity options for lenders, resulting in more affordable and widely available loans than are currently available for home energy retrofits; and (2) to establish a robust set of data on home energy efficiency improvements and their impact – on energy savings, borrower income, property value, and other metrics – for the purpose of driving development and expansion of mainstream mortgage products to support home energy efficiency retrofits.

The subject NOFA proposes to expand the Title I PowerSaver pilot program to include FHA's Section 203(k) home purchase and rehabilitation program by making grants available to currently-approved Section 203(k) lenders. The PowerSaver Pilot 203(k) Program will largely be based on the requirements of the Section 203(k) mortgage insurance program authorized under Title II of the National Housing Act. Eligible energy improvements and associated standards are listed in Appendix B of the original Title I Notice published in the Federal Register on November 10, 2010 (FR-5450-N-01). The Section 203(k) PowerSaver Pilot Program will also use appropriated funds to provide lender incentive payments to support activities that lower participation costs for borrowers. The Pilot Program will be for loans originated for the duration of the pilot (through May, 2015).

Finding of No Significant Impact – PowerSaver Pilot 203(k) Program

The proposed requirements for the PowerSaver Pilot 203(k) Program are concerned with the terms and conditions governing the provision of FHA mortgage insurance under Section 203(k) under Title II of the National Housing Act, and do not involve a development decision with respect to any particular project or site. HUD's regulations implementing the National Environmental Policy Act (NEPA) at 24 CFR part 50 categorically exclude "HUD's insurance of one-to-four family mortgages under the Direct Endorsement program" from review under NEPA and from the individual compliance requirements of most federal environmental laws and authorities (see 50.19(b)(17)). Projects that participate in the proposed PowerSaver Pilot 203(k) Program are HUD-insured one-to-four family mortgages under the Direct Endorsement program, and are thus excluded from individual project environmental review, except compliance with the Flood Disaster Protection Act, the National Flood Insurance Reform Act, the Coastal Barrier Resources Act and Runway Clear Zone and Clear Zone notification requirements, in accordance with 24 CFR 50.19(a)(17). In addition, the funds provided under this NOFA may be used only for studies (energy assessments/audits) and administrative and management expenses as noted under eligible activities in the subject NOFA, which are excluded from environmental review under 24 CFR 50.19(b)(1) and (3).


The award of grant funds to lenders under the PowerSaver Pilot 203(k) Program, in association with Section 203(k) mortgage insurance, will result in activities that could have minor environmental impacts, namely minor rehabilitation and alteration to achieve energy efficiency. Because improvements made under the Pilot Program must meet Energy Star or other minimum efficiency standards, HUD expects the program to reduce net energy usage, and thus create a modest positive environmental impact.

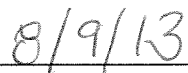
For these reasons this office concludes that the individual and cumulative environmental impacts of the PowerSaver 203(k) Pilot Program do not have a potential for significantly affecting the quality of the human environment.

Attachment:


Notice of Funding Availability (NOFA) for the Energy Innovation Fund - Power Saver Pilot 203(k) Program

Concurrences:


Hilary Atkin, Environmental Clearance Officer, Housing


Date


Danielle Schopp, Departmental Environmental Clearance Officer, CPD


Date

Finding of No Significant Impact – PowerSaver Pilot 203(k) Program

Christopher Hartenau
Christopher Hartenau, Environmental Clearance Officer, OGC

8/8/13
Date

Approval:

for Laura M. Marini
Carol J. Galante, Assistant Secretary for Housing – Federal
Housing Commissioner, H

8/9/13
Date